

Message Text

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ACTION AID-31

INFO OCT-01 EA-06 ISO-00 EB-07 L-02 NEA-09 CIAE-00 DODE-00

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R 070250Z APR 75

FM AMEMBASSY SEOUL

TO AMEMBASSY AMMAN

31. INFO SECSTATE WASHDC 9244

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EO 11652: N/A

SUBJECT: AID LOAN 278-H-009 - EAST GHOR CANAL EXTENSION

REF: A. AMMAN 2140 B. SEOUL 1945

1. CHO SUK UNDERSTANDS TERMS OF CONTRACT AS SET OUT PARA ONE REF A. HOWEVER, CS PRESIDENT PAK INFORMED USAID/SEOUL THAT IN LATE DECEMBER (EXACT DATE NOT REMEMBERED) AT MEETING ATTENDED BY TWO CS REPS, ONE REP FROM ROKG MINISTRY OF CONSTRUCTION, HEAD AND DEPUTY HEAD OF JVC, GEN. (RET.) MASHIBUL FROM JOINT VENTURE (DAR AL HANDASAH) AND FOUR OR FIVE OTHER WITNESSES (USAID/AMMAN NOT MENTIONED) AGREEMENT WAS MADE ON FOLLOWING CONTRACT CHANGES:

A. ADDITION OF ESCALNNFM CLAUSE

B. OVERALL INCREASE ON DOLXGM 1.5 MILLION; AND

C. ADVANCE CASH PAYMENT OF DOLS. TWO MILLION.

PAK STATES THAT CS PRESSED JVC FOR WRITTEN CONTRACT AMENDMENT IN CORPORATING AGREED UPON CHANGES, BUT THAT LATTER WAS ADAMANT IN INSISTING THAT SUCH WAS NOT NECESSARY AND THAT MEMORANDUM OF CONVERSATION (COPY WITH CS REP JORDAN) WOULD SUFFICE. PAK STATES

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THAT JVC DOES NOT DENY AGREEMENT BUT SIMPLY DOES NOT HAVE MONEY TO HONOR IT AND IS TRYING TO BORROW NECESSARY AMOUNT THROUGH FRENCH SOURCES.

2. CS EVIDENTLY EXPERIENCING SERIOUS LACK OF CASH FOR CURRENT OPERATIONS AND GREATEST CONCERN EXPRESSED DURING CONVERSATIONS WAS THAT SOME CASH ADVANCE (MINIMUM AMOUNT OF DOLS. 500,000 WAS MENTIONED) BE MADE AVAILABLE. CS STATES THAT FIRM HAS PAID ABOUT DOLS. 300.000 EQUIVALENT FOR DEPOSIT FOR BONDS PLUS ANOTHER DOLS. 300,000 (MUCH IN FOREX) FOR MOBILIZATION OF MANPOWER AND THAT AS RESULT INCURRENCE THESE HEAVY COSTS, ABILITY OF CS TO PERFORM JOB ENDANGERED. CS STATED THAT WHILE IMMEDIATE CONCERN IS CASH ADVANCE, THEY ALSO CONCERNED THAT JVC ADHERE TO FULL TERMS OF AMENDED CONTRACT BECAUSE ALL OF CS PLANNING AND OPERATIONS SINCE LATE DECEMBER HAVE BEEN MADE ON BASIS OF AMENDED AGREEMENT.

3. WE MADE GENTLE REMINDER TO CS SUGGESTED PARA FOUR REF (A) AND NOTED USAID/AMMAN'S PLEDGE TO ATTEMPT EXPEDITE FINANCIAL ACTIONS. WE ADMIT TO BEING SOMEWHAT PUZZLED BY MODUS OPERANDI BOTH CS AND JVC ON CONTRACT CHANGES (ASSUMING THAT CS REPORTS OF SITUATION ARE ACCURATE) AND BELIEVE THAT POSSIBILITY EXISTS OF LACK OF FULL COMMUNICATION BETWEEN THEM AND USAID/AMMAN. WE MORE THAN WILLING TO REMAIN CLEAR OF MATTER IF USAID/AMMAN CONSIDERS THIS BEST COURSE, BUT ALSO ARE WILLING TO HELP IF WE CAN BECAUSE OF OBVIOUS BENEFITS TO KOREAN ECONOMY OF SUCCESSFUL COMPLETION OF PROJECT BY CS.
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OF MATTER IF USAID/AMMAN CONSIDERS THIS BEST COURSE, BUT ALSO ARE WILLING TO HELP IF WE CAN BECAUSE OF OBVIOUS BENEFITS TO KOREAN ECONOMY OF SUCCESSFUL COMPLETION OF PROJECT BY CS.
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Draft Date: 07 APR 1975
Decaption Date: 01 JAN 1960
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Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: KelleyW0
Disposition Case Number: n/a
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Disposition Date: 28 MAY 2004
Disposition Event:
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